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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
THE REPUBLIC OF GUINEA

IPF:(1992-96) $ 35 801 000

(GUI/91/011) - Integrated Assistance to Small and Medium Enterprises (SME)

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Date of approval by the AC:[1/]	18 May 1992
Expected duration:	36 months
Proposed executing agency:	UNIDO
Government implementing agency:	Centre de Création et de Développement d'Entreprises (CCDE) (Ministère de l'Industrie du Commerce et de l'Artisanat) (MICA)
Proposed UNDP contribution:	$ 2 233 300 Source of funds: IPF
Total UNDP budget:	$ 2 233 300

Project background

In order to alleviate the critical economic situation inherited from the first Republic, the new Government of Guinea embarked in 1984, on a major economic recovery programme aiming at non-intervention by the State in productive sectors, re-establishment of free market economy, and promotion of private sector etc.. The Government carried out several reforms since the end of 1986 under its Programme of Economic and Financial Recovery (PREF) which is supported by a structural adjustment programme with the participation of major donors. With the assistance of the World Bank and la Caisse Centrale de Cooperation Economique (CCCE), the Government has designed a sectoral adjustment programme (Programme de la Promotion du Secteur Prive) which aims at creating a favourable business environment by providing institutional and legal framework to attracting local and foreign investment in new productive activities.

UNDP assisted the Government in formulating an Industrial Master Plan whose main objective is to develop competitive and efficient industrial activities in an open and liberal economy, focusing on six industries: fruits and vegetables, cash crops, fish, wood, construction material and metal transformation. The desired development in these areas is possible only through the development of small and medium enterprises (SME).

Under the project GUI/87/012, UNDP has provided direct assistance to small and medium enterprises in the form of credit and training in management. According to the in-depth evaluation of this project held in May 1990, the project has achieved satisfactory results. In particular, the project has assisted in setting up a financing mechanism and a SME

[1/] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

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support unit at the National Office of the Promotion of SME (renamed Centre for Creation and Development of Enterprises) under the Ministry of Industry, Commerce and Handicrafts. Promising projects for all natural regions of Guinea have been selected; and projects for financing have been identified, prepared and presented with the corresponding studies and files to the Committee of Funds Management. 39 projects in the amount of $396,000 have been financed through a credit fund set up under the project whose reimbursement is going as planned. However, the in-depth evaluation mission pointed out certain weaknesses of the first phase and recommended their improvement in the second phase e.g. inadequate capital fund compared to the potential needs of the sector; need for decentralisation of technical assistance; need to re-examine the terms of credit in view of the negative effects of the high rate of inflation on its value at the end; need to strengthen aspects of analysis and control management; need for a training programme; inactive role of the Funds Management Committee in terms of defining rigorous policy for the improvement of conditions for the functioning of the Fund; and absence of women's participation because of the non-inclusion of agricultural and commerce sectors which comprise mostly women activities.

Description of project

The immediate objectives of the project are to: (a) assist in the creation, organization and functioning of 100 SME in productive sectors; (b) strengthen the financing mechanism already in place in order to make it autonomous as well as the institutional capacity of the Centre of Creation and Development of Enterprises (CCDE); and (c) increase the participation of women entrepreneurs by providing training, access to credit and organization and management assistance.

Project activities will include: (a) developing a data bank of approximately 200 projects and 100 operational projects (33 per year); (b) providing support to 50 SME annually (already operational) and 33 newly created; (c) establishing appropriate conditions of access to credit compatible with the market interest rate; (d) strengthening the system of management and control of funds while responding to the needs of selected SME; (e) identifying the field of collaboration with other donors; (f) strengthening the capacities of the SME Cell under CCDE to achieve the first two immediate objectives; and (g) maintaining a directory of potential women entrepreneurs.

Inputs

UNDP will provide a chief technical adviser/consultant (10 work-months), short-term consultants (30 work-months), a national expert (36 work-months); administrative support; subcontracts with ODI, Morocco, and NGOs that include $ 1 350 000 for credit fund; fellowship training, group training and study tours; and equipment.

Financial data

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Personnel	545 300
Subcontract	1 490 000
Training	63 000
Equipment	95 000
Miscellaneous	40 000
Total	2 233 300

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